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Introduction: The Failure and Future of the Welfare State in Post-socialism

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ABSTRACT

Debates on the post-socialist welfare state evolved in two main directions. While some scholars have maintained that they would eventually converge with Western European patterns, some others have pointed at the need of a more 'particularist' approach, seeking to demonstrate that post-socialist states might follow a different and non-traditional path, individually or as a region in terms of welfare provision. Our current work is an attempt to contribute to the debate on the direction of post-socialist welfare state adaptation by engaging with corruption and welfare state/public sector failure in post-socialist spaces. In particular, emphasis is put on the tactics and strategies used by public workers and citizens to cope with incomplete and inadequate public social welfare provision. Rooted in different disciplinary schools, and making use of diverse methodological and theoretical approaches, the papers of this special issue provide further evidence to rechart the relationship between the public welfare sector, citizens and the current economic transition, a commonality that allows us to point at alternatives to the capitalist model that for some time has been seen as the only option. In line with our previous works, in this special issue we explore the possibility that informality and formality are complementary or that informality may 'replace' formal processes and structures. In other words, where the welfare state does not penetrate, welfare might be spread also through informal channels and it might redefine the very dynamics underpinning of a society.

This special issue of the Journal of Eurasian Studies devotes itself to the present and possible futures of the welfare state in post-socialist spaces and its intersection with informality, here defined as those unrecorded or unregistered activities that benefit a segment of the population, but fall outside the control of the state. The supposed demise of centrally planned regimes and the attempts to introduce capitalist values, institutions and practices to a space stretching from Prague to Beijing has not only meant the marketisation of areas of everyday life such as healthcare and education. It has also seriously challenged the longstanding public expectation of a social wage[1] and free-at-the-point-of-use welfare state provision in most of these countries. Societies, despite the political, social and

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[1] Broadly understood. See: http://www.eurofound.europa.eu/emire/UNITED%20KINGDOM/SOCIALWAGE-EN.htm.

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economic traumas of the 1990s, have more or less adapted, at least superficially, to marketised reality, if typified by cartels, robber barons and state-capitalist institutions where the line between politics and business is hard to draw. In some cases societies have been able to enact 'domesticated' forms of marketised processes (Stenning, Smith, Rochovska, Swiatek, 2010) – sometimes through ongoing norms of mutual aid, solidarity, survival techniques of self-provisioning, and of course, informal economic activities.

As a result, the debates that have developed over the past years have indicated two different directions. A first group of scholars working in post-socialist spaces has suggested that welfare systems in the region would eventually converge with Western European patterns (Deacon, 1993, 2000), sometimes talking of 'Europeanisation' of social policy paradigms in post-socialist countries (Deacon and Stubbs, 2007; Greve & Stubbs, 2013; Lendvai 2008; Toots and Bachman, 2010) and eventually influencing some of the most distinguished scholars in the discipline (Esping-Andersen, 1996; Fenger, 2007). They have been contrasted by a 'particularist' approach, seeking to demonstrate that post-socialist states might follow a different and non-traditional path, individually or as a region in terms of welfare provision (Cerami and Vanhuysse, 2009; Draxler and van Vliet, 2010; Fajth, 1999; Hacker, 2009; Haggard and Kaufman, 2008; Kevlihan, 2013; Ledeneva, 2013; Manning 2004; Ó Beacháin, Sheridan, Stan, 2012).

This special issue is an attempt to contribute to the debate on the direction of post-socialist welfare state adaptation by engaging with corruption and welfare state/public sector failure in post-socialist spaces. The contributions to this special issue focus on the tactics and strategies used by public workers and citizens to cope with incomplete and inadequate public social welfare provision, and in particular in the healthcare sector, as well as with reforms whose key outcome has been the 'individualisation' (Ferge, 1997) of social welfare financing and provision, shifting the burden for welfare onto individuals and their families. We do this thanks to a wide range of case studies based on freshly collected material from the region.

The welfare state is possibly the biggest remaining pressure point of market reform, trapped between an outdated ideological position and a multitude of pragmatic – especially fiscal, economic and social – considerations. The ideological position that certain social services (especially healthcare and education – as part of the social wage) should be provided for free is challenged by reduced budgets devoted to these services, the low wages of service workers that fail to keep up with inflation, and a growing demand for these services that is not met through increased standards or demand-driven supply. At the same time, systematic, policy-driven processes of marketisation have been slow to take shape in these welfare domains, in part due to ideological 'frozen landscapes'. Despite these problems of public financing and provision, the state, through its institutions, remains the dominant welfare actor in these domains, but challenged from below by service users in the form of the well-documented phenomena of informal payments and informal exchange, which have been dealt with in different ways.

Rooted in different disciplinary schools, and making use of diverse methodological and theoretical approaches, the articles in this special issue have, nonetheless, much in common. They all use empirical material to rechart the relationship between the public welfare sector, citizens and the current economic transition, a commonality that allows us to contend that the attitudes of individuals described in these contributions may be seen as derived from a different value system, based on different premises and assumptions, and pointing at alternatives to the capitalist model we have been brought to believe is the only option (Gibson-Graham, 1996).

To do this, the authors, and the special issue, have sought to rediscover the role of agency in post-socialism (Cook, 2007; Polese and Morris, 2015) as opposed to a focus on state-led policies (Majone, 2002), and challenging the conception of the state as 'one', instead seeing it as an arena for negotiating and balancing forces (Katzenstein, 1985). We refer here to the issues arising from the negotiation between the state, and its desire to standardise/homogenise, and its citizens, longing for a particularistic approach, which Scott (1998) has documented from a worldwide perspective. Informality in this respect may be seen not only as a 'weapon of the weak', of the marginalised, but as a widespread instrument of (post-socialist) society. In line with our previous works, in this special issue we explore the possibility that informality and formality are complementary or that informality may 'replace' formal processes and structures. In other words, where the welfare state does not penetrate, welfare might be spread also through informal channels and it might redefine the very dynamics underpinning of a society (Harboe, 2014; Kovács, 2014; Polese, Morris, Kovács, Harboe, 2014).

De facto 'privatisation' of certain sectors (Polese, 2006, 2006b) generates a potential conflict of competencies between the state and the citizens dealt with in a legal-illegal framework where payments are seen as bribes and corruption. Some studies have already challenged this normative vision (Polese, 2008, 2012, 2013; Polese and Rodgers, 2011) and this special issue is a further move in this direction, as our authors will show.

Our starting point is that current debates on welfare policies in post-socialism suffer from two major deficiencies. First, there seems to be a general assumption, among political scientists as well as economists, that systems – e.g. social welfare protection institutions – 'work' and, once a measure is adopted, it will be implemented, and implemented correctly. However, scholars familiar with non-Western contexts, including the post-socialist space, have found that this is not always the case (Deacon, 2000; Mares & Carnes, 2009; Pop, 2013; Sotiropoulos & Pop, 2007; Szikra and Tomka, 2009). This approach fails to consider the role of disruptive elements or informal mechanisms in what has been defined as Lawless Economics (Dixit, 2007). In addition, policy adopted at the national, or even regional level, may be 'boycotted' or even 'sabotaged' by street-level bureaucrats or other interest groups, even ingrained cultural norms (Cook, 2007; Haggard and Kaufman, 2008). Scholars have explored the

effects and consequences of rules conflicting with the local ethos or simply norms (Gill, 1998; Isaacs, 2011; Morris and Polese, 2014a, 2014b; Van Schendel and Abrahams, 2005), concluding that often the conflict between the prevailing social and formal legal norm may eventually lead to a change in policy rather than a change in the norm.

Our authors have collected evidence of areas, symbolically or geographically conceived, where the state fails to deliver what it has promised, this gap between legal provisions and actual delivery resulting in the creation of alternative structures and institutions of social welfare (in particular informal coping mechanisms). The interpretation of this gap as state 'abandonment' of a broad layer of the citizenry is widespread, and arguably so are the host of practices and institutions – often informal or even 'illicit' – that citizens rely on in response to the state's ineffective social welfare provision. As a result, we argue that welfare state research needs to acknowledge and systematically engage not only with formal social policies and their outcomes, but also with bottom-up forms of welfare that might complement, act as an alternative to or challenge formal social welfare provision. This special issue engages with the tactics and institutions – used here in the Northian sense – that citizens have created in response to limited state capacity in providing social welfare across Eastern Europe over the last decade in order to show that these myriad ways of acting in fact co-constitute mixed economies of social welfare in post-socialist spaces. As such, instead of treating these tactics and institutions as anomalies, exceptions or as expressions of deviance, we should regard informal welfare practices and institutions as a defining element of post-socialist welfare states and a defining attribute of the bottom-up contestation of post-socialist (state-led) welfare provision.

A first example is provided by Kovács (2014), whose article engages with differently qualified parents' experiences of and success in accessing public full-time early childhood education and care (ECEC) services in a Romanian urban context to illustrate the ways in which post-socialist welfare states are transformed not only from above, through formal rules, but also from below, through informal practices. Through the exploration of the narratives of parents and managers, the article finds that parental planfulness, qualification-based differences in demand for full-time places and formal rules of access are insufficient to explain clear-cut qualification- and income-based differences in access. The article describes the crucial importance of hidden, informal cream-skimming strategies that daycare and preschool managers employ in the pre-enrolment phase and of the informal tactics of relying on 'interventions' with which unsuccessful parents respond to managers' refusals to enrol. In the context of full-time place shortages, managerial autonomy in enrolment and insufficient institutional budgets, public ECEC institutions are the site of hidden processes of redistribution through selective access, favouring well-educated, high-income parents and their children.

Such approach introduces us to the existence of grey zones that Harboe (2015) documents in her article. Her idea is that, by exploring 'grey zones of welfare' in rural Lithuania one can grasp the inherent ambiguities that lies in a system where people to a high degree rely on networks and normative solutions to everyday shortcomings, rather than on the state. Post-socialism, in her view, has come to mean an increased degree of informal economies and social arrangements, as the formal sector of social security is perceived as unreliable, thus resulting into a model where liberalism and individual ethics co-exist with a strong morality to support the poorest in society.

Sayfutdinova (2015) follows a similar line by discussing the use of informal practices in negotiating welfare with state institutions in Azerbaijan that, she argues, have partially withdrawn from welfare provision and residualization of welfare. Through an exploration of the situation of engineers at different periods of their careers, namely mid-career, working pensioners, and engineering students, her article demonstrates how formal and informal institutions and practices are strategically used by individuals, families, and low level bureaucrats to achieve desired career and welfare goals. Rather than compensating for the deficiencies of formal rules and institutions, formal and informal are intertwined and merged and are actively employed both by the citizens and state institutions.

From partial withdrawal, Davies and Polese (2015) explore what happens in the case of near total state withdrawal. Their article uncovers the informal social relations and forms of community-level welfare that emerge when the state retires completely from (providing benefits and social services to) a geographic area. The article also explores the mechanisms, practices and institutions created to make up for this complete withdrawal. They use the case study of the nuclear landscapes around the Chernobyl Exclusion Zone in north-central Ukraine to suggest that, in the face of de facto abandonment by state welfare institutions, and the absence of a private sector alternative, a myriad of transactions and actors can make up for lost social welfare by replacing these forms of welfare informally. Informal, local and unofficial understandings of and practices in contaminated spaces, in their view, are central to survival in this marginalised and risky environment.

Perceptions of the informal economy are not always positive, and Stepurko, Pavlova, Gryga, Muraskiene, Groot (2015) partially challenge our approach by showing the peculiarities of informal patient payments in two post-Soviet European countries, namely Lithuania (EU member) and Ukraine (non-EU country). Developing and transition countries, such as Lithuania and Ukraine, are characterised by a specific environment that seems to be more conducive to 'gifts' exchange than formal payments. In particular, four dimensions – the healthcare system, socio-cultural, economic and labour as well as political and regulatory aspects – are used to classify the factors in order to shed light on the multi-sectoral causes of informal patient payments. These dimensions are interwoven, leading jointly to the existence of specific pattern of informal payments in these countries. Empirical data suggest that despite a high share of respondents with negative attitudes towards informal payments, these payments are widespread in Ukraine and less so in Lithuania. New moral principles of wealth distribution, access to goods and

services, patterns of consumption and provision have appeared during the transition period. This constitutes a ground for flourishing informal practices as well as for a mixture of patient payments, meaning that informal patient payments co-exist with quasi-formal patient co-payments and formal ones that become a barrier in access to public services. Still, about three forth of the respondents support the statement that informal patient payments should be eradicated.

Jancsics (2015) also engages with morality to challenge an approach that emphasises "moral inferiority" in corruption and bribery in Central and Eastern Europe. He argues that in many cases, people participate in informal organizational resource exchanges not because of immorality or greed, but rather because of powerful external pressures. By using the case of contemporary Hungary to support this argument, this paper provides a systematic analysis of such imperatives. The findings of 50 in-depth qualitative interviews suggest that two main imperatives can be distinguished; macro-level social and meso-level organizational forces. Macro-level forces may be linked to historical paths, Hungary's socialist and pre-socialist social conditions, and its post-socialist welfare state development. Meso-level organizational forces are more general phenomena and can be found in many other countries in the world. Moreover, there are numerous categories within each theme. Some of them represent normative imperatives, while others are more material structural forces.

We are confident that the above mentioned works, and in general this special issue, will make bring a significant contribution to the debate on the modes and practices of informality across former socialist spaces, their origins and impact on ordinary people's daily lives. We are grateful to the authors for all their efforts in contributing to this special issue. We also need to thank the Research Executive Agency of the European Commission that has allowed us to continue this fruitful collaboration thanks to two generous grants (Ref: PIRSES-318961 and 295232), Prof. Stephen White, who has supported our initial idea, Angela Lolli for her valuable assistance and all the staff from the Journal of Eurasian Studies for their constant support during the preparation of this special issue.

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